



EU Funding

Regional Funding



Business Support on Your Doorstep

Enterprise Europe Network London

May 2007



CONTENTS

1. Structural Funds 2007-2013	3
Objectives	3
The Structural Funds in the UK and London	4
Information sources	4
1.1 European Regional Development Fund (ERDF)	4
Fields of application	4
ERDF in London	5
Information sources	5
1.2 European Social Fund (ESF)	5
Fields of application	6
ESF in London	6
Information sources	6
1.3 Cohesion Fund	7
Fields of application	7
2. Community Initiatives	7
2.1 JEREMIE	7
Priorities for action	7
2.2 JESSICA	8
Priorities for action	8
2.3 JASPERS	8

1. Structural Funds 2007-2013

Structural Funds are the European Union's main instruments for promoting and strengthening the economic and social cohesion of the enlarged European Union, in order to promote its harmonious, balanced and sustainable development.

Structural Funds meet only a proportion of the cost of any project and the precise proportion that the Funds will contribute to a particular project depends on several factors, including the type of activity and geographical location. The rest of the cost therefore has to be matched with funding from national sources, which can either be from the public or the private sector.

There are three Structural Funds which make up the overall budget of EU funding (€307.6bn) and these are:

- European Regional Development Fund (ERDF)
- European Social Fund (ESF)
- Cohesion Fund

Objectives

For the period 2007-2013, the actions of the Structural Funds will focus primarily on three priority objectives:

Convergence

Aimed at speeding up the convergence of the least-developed Member States and regions by improving conditions for growth and employment, i.e. investment in regional development.

- Regions with a GDP per capita of less than 75% of the Community average are eligible for convergence funding
- In the UK, West Wales and the Valleys, Cornwall and the Isles of Scilly are convergence regions under this objective, while the Highlands and Islands are qualified for "phasing-out" funding under the Convergence objective
- Financed by the ERDF, the ESF and the Cohesion Fund
- The UK receives approximately €2.6bn for the 2007-2013 period

Regional Competitiveness and Employment

Aimed at strengthening regions' competitiveness and attractiveness, as well as employment by anticipating economic and social changes.

- Priorities are innovation, environment and risk prevention, accessibility and the European Employment Strategy
- In the UK all regions except West Wales and the Valleys, Cornwall and the Isles of Scilly, the Highlands and Islands are eligible
- Financed by the ERDF and the ESF
- The UK receives approximately €6.2bn for the 2007-2013 period

European Territorial Cooperation

Aimed at strengthening cross-border cooperation, transnational cooperation and interregional cooperation as well as the exchange of experience at the appropriate territorial level.

- Priorities are cross-border and transnational programmes and networking
- Eligible regions: EU border regions
- Financed by the ERDF
- The UK receives approximately €0.6bn for the 2007-2013 period

Further information on the above objectives can be found at:

http://ec.europa.eu/regional_policy/sources/slides/2007/cohesion_policy2007_en.ppt

The Structural Funds in the UK and London

The UK will receive around €9.4bn from the Structural Funds 2007-2013. To reach the Competitiveness and Employment objective, London will receive €161m from the European Regional Development Fund (ERDF) and €435m from the European Social Fund (ESF). The two funds will be used for skills training, business development and regeneration.

Information sources

The DTI has been responsible for the UK-level negotiations with the EU institutions on future Structural Funds spending. Delivery of the funds in the UK is through the Communities and Local Government ([CLG](#)) for ERDF and through the Department for Work and Pensions ([DWP](#)) for the ESF. The ERDF is managed through the Regional Development Agencies ([RDA](#)).

Information on the Structural Funds 2007-2013 in the UK can be found at:

www.dti.gov.uk/regional/european-structural-funds/page25712.html

www.gos.gov.uk/gol/European_funding/strucfunds0713/?a=42496

General information on the Structural Funds 2007-2013 can be found at:

http://ec.europa.eu/regional_policy/funds/2007/index_en.htm

1.1 European Regional Development Fund (ERDF)

The ERDF will support projects addressing regional development, economic change, enhanced competitiveness and territorial cooperation throughout the EU. Funding priorities include research, innovation, environmental protection and risk prevention. Infrastructure investment retains an important role, especially in the least-developed regions. This fund is available in all the objectives mentioned above.

Fields of application

In *Convergence* regions:

- innovation
- environment and risk prevention
- accessibility
- infrastructure
- human resources
- administrative capacity

In *Regional Competitiveness and Employment* regions:

- innovation
- environment/risk prevention
- accessibility
- European Employment Strategy

In *European Territorial Cooperation* regions:

- innovation
- environment/risk prevention
- accessibility
- culture and education

ERDF in London

A consultation on London ERDF Operational Programme 2007-2013 closed on 21 March 2007. This Operational Programme determines how the €161m will be spent in London. Subject to the European Commission who has to approve the ERDF Operational Programme in London, it may be possible to start programme activity in late autumn 2007.

The ERDF priority measures for London are referred to as Priority Axis and cover:

1. Business innovation, research and development and eco-efficiency
 - Developing a culture of innovation throughout London businesses
 - Extracting value from London's world-class knowledge base to benefit London businesses
2. Access to new markets, access to finance and strengthening entrepreneurship
 - Enabling access to appropriate investment finance to support innovation and growth
 - Improving Small and Medium Enterprises' (SMEs) access to new market opportunities
3. Sustainable urban regeneration
 - The physical and environmental infrastructure to support sustainable development
4. Technical assistance
 - Support, development and enhancement of the management of the London ERDF Operational Programme
 - Provision and improvement of the London ERDF Operational Programme themes

The London Development Agency is responsible for the ERDF 2007-2013 in London.

London Development Agency
Ms Maria Diaz-Palomares
197 Blackfriars Road
London
SE1 8AA
Tel: 020 7593 8601
www.lda.gov.uk

Information sources

Regional Development Agencies
www.englishrdas.com

Communities and Local Government (CLG)
www.ERDF.comunities.gov.uk
www.communities.gov.uk/index.asp?id=1139554

Further information on the European Regional Development Fund can be found at:
http://ec.europa.eu/regional_policy/sources/docoffic/official/regulation/newregl0713_en.htm

1.2 European Social Fund (ESF)

The objective of the ESF is to increase adaptability of workers and enterprises, enhance access to employment and participation in the labour market, reinforce social inclusion by combating discrimination and facilitate access to the labour market for disadvantaged people and promote partnership for reform in the fields of employment and inclusion. This Fund is available in the Convergence and Regional Competitiveness and Employment objectives.

The Department for Work and Pensions produced the national ESF Operational Programme draft. The public consultation closed on 22 January 2007 and the ESF Operational Programme 2007-2013 for England has been submitted to the European Commission on 5 March 2007. Subject to the European Commission, who has to approve the ESF Operational Programme in England, it may be possible to start programme activity in late autumn 2007. There are 3 main priorities for the ESF Programme in England:

Unemployment

- Extending employment opportunities (€1,794m from the Regional Competitiveness and Employment objective)
- Tackling employment barriers (€75m from the Convergence objective)

Workforce skills

- Developing a skilled and adaptable workforce (€984m from the Regional Competitiveness and Employment objective)
- Improve local workforce skills (€118m from the Convergence objective)

Technical assistance

- Technical assistance (€116m from the Regional Competitiveness and Employment objective and €4m from the Convergence objective)

Fields of application

In *Convergence* regions:

- innovation
- environment/risk prevention
- accessibility
- infrastructure
- human resources
- administrative capacity

In *Regional Competitiveness and Employment* regions:

- innovation
- environment/risk prevention
- accessibility
- European Employment Strategy

ESF in London

Some of the ESF priority measures for London are:

- Community skills development
- Developing a competitive workforce
- Ensuring local benefit

The European Social Fund is a national programme administered by the Department for Work and Pensions. Based on the national programme, a regional programme for London will be drawn up. The LDA is already working on this programme in cooperation with partners. A consultation on the regional programme is due in summer 2007. It is expected that the first ESF proposals under the 2007-2013 programme will be launched in autumn 2007 and that project activity will start in early 2008.

The ESF will have a national Operational Programme, but London Mayor Ken Livingstone will have a significant say on the priorities for London. Tackling the problems of unemployment and low skills will be the main focus for spending. ESF funding of €435m will give people a better chance of finding work by providing them with skills and training.

Information sources

The Department for Work and Pensions is responsible for the ESF 2007-2013 in the UK.

Department for Work and Pensions
E-mail: esf.feedback@dfes.gsi.gov.uk
www.esf.gov.uk

Further information on the European Social Fund can be found at:
http://ec.europa.eu/regional_policy/sources/docoffic/official/regulation/newregl0713_en.htm

1.3 Cohesion Fund

The Cohesion Fund contributes to interventions in the field of the environment and trans-European transport networks. It applies to Member States with a Gross National Income (GNI) of less than 90% of the Community average, which means it covers the new Member States as well as Greece and Portugal. Spain will be eligible for the Cohesion Fund on a transitional basis only. This Fund is available in areas covered by the Convergence objective.

Fields of application

In *Convergence* regions:

- transport (TENs)
- sustainable transport
- environment
- renewable energy

Further information on the Cohesion Fund can be found at:
http://ec.europa.eu/regional_policy/sources/docoffic/official/regulation/newregl0713_en.htm

2. Community Initiatives

The Structural Funds' budget also covers three Community Initiatives: JEREMIE, JESSICA and JASPERS.

2.1 JEREMIE

JEREMIE, Joint European Resources for Micro to Medium Enterprises, is a European Commission, European Investment Bank (EIB) and European Investment Fund (EIF) initiative aimed at promoting increased access to finance for the development of micro, small and medium-sized businesses across the EU.

- Financed by the ERDF and the European Investment Fund

Priorities for action

The first phase of JEREMIE consists of an evaluation of the supply of financial products in the EU Member States and an assessment of potential needs. This evaluation will be conducted in 2006 and 2007 by the European Commission and the EIF, while working closely with the national authorities and financial institutions at national level.

The second phase intervenes in the programming of actions for the period 2007-2013. In this phase the region-managing authorities select and contribute to a Holding Fund. The Holding Fund might be a qualified financial institution at the national level. Afterwards this Holding Fund will choose and support the financial intermediaries. These can be, for example, venture capital funds, guarantee funds, micro credit providers or loan funds.

In the third phase, the selected financial intermediaries will be responsible for making funds available on competitive terms (the principles of which would be agreed between the managing authority and the Holding Fund) to micro, small or medium sized businesses. Special emphasis will be given to supporting the Lisbon growth and jobs agenda by emphasising technology transfer, start-ups, technology and innovation funds and micro credit.

In a scheme:

Phase 1	Operational Programme
Phase 2	> selection Holding Fund
	> selection Financial Intermediaries
Phase 3	> transferring to SMEs

Further information on JEREMIE can be found at:

<http://jeremie.europa.eu>

The EU DG Regional Policy is responsible for JEREMIE.

Mr George Kolivas

george.kolivas@ec.europa.eu

2.2 JESSICA

JESSICA, Joint European Support for Sustainable Investment in City Areas, is a European Commission, European Investment Bank ([EIB](#)) and Council of Europe Development Bank ([CEB](#)) initiative in order to promote sustainable investment and growth, and jobs in Europe's urban areas.

- Financed by the ERDF

Priorities for action

The JESSICA priority is to support investment in sustainable urban development in the context of the Cohesion Policy. Region-managing authorities are allowed to use a part of their ERDF and ESF funding to invest in urban development, under the Urban Development Funds (UDFs). This will be done in order to give special attention to the need for renewal and regeneration of certain urban areas. From the UDFs, the region-managing authorities can decide to provide equity, loans and guarantees through recyclable and recoverable financial mechanisms. This can be done directly from the region-managing authority or through a Holding Fund. The common feature is that the investment is always market-driven, expecting to recover the investment.

Further information on JESSICA can be found at:

<http://jessica.europa.eu>

The EU DG Regional Policy is responsible for JESSICA.

Mr George Kolivas

george.kolivas@ec.europa.eu

2.3 JASPERS

JASPERS, Joint Assistance in Supporting Projects in European Regions, seeks to develop cooperation in order to pool expertise and resources and to organise them in a more systematic way to assist Member States in the implementation of the Cohesion Policy. JASPERS will offer technical assistance to the beneficiary Member States at no cost to them.

- Financed by the Cohesion Fund
- Not available in the UK

Further information on JASPERS can be found at:
<http://jaspers.europa.eu/>

JASPERS contact point:

Mr Patrick Walsh
+352 (0)4379 7798
p.walsh@eib.org

The EU DG Regional Policy is responsible for JASPERS.

Mr Brendan Smyth
brendan.smyth@ec.europa.eu



The factsheet was produced by the Enterprise Europe Network London team at London Chamber of Commerce. The Enterprise Europe Network London brings together GLE, London Chamber of Commerce and London Technology Network. The Enterprise Europe Network London is funded by the European Commission and the London Development Agency.

We provide practical, hands-on support and information for London's small and medium sized businesses seeking funding, hoping to expand their business into Europe, or wishing to develop (technology) partnerships with other European businesses. For more information please go to:
www.een-london.co.uk

Disclaimers

Whilst every effort has been made to ensure the accuracy of the information contained in this Guide, London Chamber of Commerce and Industry does not guarantee the accuracy of the information contained therein and does not accept responsibility for errors, omissions or their consequences.

Neither the European Commission nor the Executive Agency for Competitiveness and Innovation nor any person acting on behalf of them is responsible for the use which might be made of the information contained herein. The views in this publication are those of the author and do not necessarily reflect the policies of the European Commission.